YOUNG & HEALTHY

Accounting and Personnel Policies and Procedures

ORGANIZATIONAL CONTROLS

The following policies and procedures apply to all employees, volunteers, and board members. The Executive Director will review this document annually with the Program Director, Development Director, and Director of Finance and Operations to ensure that policies and procedures are being followed.

All board members and employees at the senior management level (Executive Director, Program Director, Development Director, and Director of Finance and Operations) are required to annually sign a conflict of interest statement and disclose all potential conflicts of interest. All board members and employees must annually sign a Whistleblower Protection Statement. All employees of Young & Healthy are required to read and sign an employee handbook that addresses standards of conduct.

CONFLICT OF INTEREST POLICY

It is the policy of Young & Healthy to require members of the Board of Directors to conduct themselves free of influences that might conflict or appear to conflict with the best interests of the organization. This policy is designed to guide Directors in avoiding any conflict of interest with Young & Healthy.

To avoid the development of conflict situations, each Director receiving this policy will be required to sign and return this form on an annual basis. As more fully set forth in this policy, additional submissions should be made by a Director as soon as he or she believes that any activity, interest or relationship has occurred which might give rise to a conflict of interest.

The types of activities, interests and relationships which may create or appear to create a conflict of interest are set forth below. This list is intended for guidance purposes only and does not specify every situation that should be disclosed. A conflict may arise if a Director:

1. accepts, directly or indirectly (e.g., through any family member), any gift of more than nominal value, any loans, services, payments, money, excessive entertainment, vacation, pleasure trips, benefits, or promotional or other favors from any person or entity that is doing or seeking to do business with Young & Healthy;

2. directly performs any services as an employee or consultant for Young & Healthy, or directly or indirectly receives remuneration from Young & Healthy for services performed for Young & Healthy by another individual or business entity;

3. has a financial interest in any corporation, partnership, or other business entity that is doing or is seeking to do business with Young & Healthy except when such financial interest consists of ownership of not more than five percent of the subject corporation, partnership or business entity; and/or

4. uses or reveals, without proper authorization, to a third party any confidential or proprietary information of Young & Healthy (e.g., confidential information regarding clients, volunteers, employees, donors, work methods, systems, or finances).

If a conflict of interest situation arises, or in the event a Director is uncertain whether a given activity, interest or relationship gives rise to a conflict of interest with Young & Healthy, the matter will be reviewed by the President of the Board of Directors, who will present the matter to

the Executive Committee. If the Executive Committee determines there is no conflict or that an exception to this policy is warranted, the affected Director will remain eligible for Board membership on the Board of Directors, however he/she shall not be present at any Board or Committee discussion of the subject activity, interest or relationship, shall refrain from voting on any issues involving the activity, interest or relationship, and shall not be counted as part of the quorum for Committee or Board meetings considering the activity, interest or relationship giving rise to the conflict.

Drug Free Workplace
Young & Healthy will maintain a drug free workplace. In furtherance of this policy, the unlawful manufacture, distribution, dispensing, possession, or use of controlled substances is prohibited in the workplace. As a condition of continued employment, all employees must notify the Executive Director (or, in the case of the Executive Director, the President of the Board of Directors) in writing within five calendar days if they are convicted of violating a criminal drug statute. Young & Healthy will take appropriate personnel action, within 30 days of receipt of written notification, or otherwise becoming aware, of such a conviction, against any employee convicted of violating a criminal drug statute. Such action shall be determined by the Executive Director, in consultation with the Board of Directors or Executive Committee thereof, and may include termination or the requirement that the employee participate satisfactorily in a Federal, State, Local, or Law Enforcement approved drug abuse assistance or rehabilitation program. If any employee convicted of violating a criminal drug statute is engaged in the performance of a Federal grant, Young & Healthy will notify in writing the funding Federal agency within 10 days of receipt of written notification, or otherwise becoming aware, of such a conviction.

Property Control
• Young & Healthy maintains a list of fixed assets. Each item purchased is logged by date of purchase, description, cost, program, and source of funding.
• When property is purchased with Federal funds, it will be tagged with a serial number and a notation that the property was purchased with Federal funds.
• Young & Healthy will engage a third party security system to secure and monitor its premises.
Each year during the annual audit, Young & Healthy will provide to its auditor a list of all fixed assets, together with supporting documents and funding sources. A physical inventory of all property is taken in connection with each annual audit.

BUDGET PROCESS

Policy Statement
Young & Healthy will adopt an annual budget prior to the beginning of the fiscal year which shall commence on July 1. The budget shall be prepared by the Director of Finance and presented to the Finance Committee. The Finance Committee, with input from the Program Committee, shall then present the recommended budget for the Board of Directors' consideration and approval.

Once approved, the annual operating budget will be regularly and consistently monitored through accurate and timely financial reports prepared by the Director of Finance and reviewed and discussed by the Finance Committee. The Finance Committee will report any significant actual variances from approved budget to the full Board of Directors. It is expected that the budget may need to be adjusted during the fiscal year due to unforeseen issues. A budget may be modified, i.e. transfer of funds within programs or accounts without an increase to total

expense, by the Executive Director with notice given to the Finance Committee. If the budget is being amended, i.e. total expenses are to be increased higher than the adopted expenses, Finance Committee approval is required. Any significant or material changes to the adopted budget, changes greater than 10% of a total program budget or otherwise determined by the Finance Committee, will require full Board approval.

Procedures

1. Budget Development

The annual operating budget will be reviewed and developed in several steps. In March or April of each fiscal year, the Director of Finance will present to the Board a high-level summary of the major operational and programmatic assumptions that will guide the following year's budget planning. The Executive Director will provide a calendar of the meetings in which the budget will be considered by Finance and Program Committees and the Board of Directors. The Board will review these assumptions and provide input and refer further development to the Finance Committee.

The Finance Committee will review the budget at the following Committee meeting no later than May. The Program Committee will also be provided an opportunity to review the proposed budget in detail prior to consideration by the full Board of Directors.

The Finance Committee will review:
• Total number of budgeted full time equivalent positions (FTEs) and fully burdened cost of these positions
• Total number of management positions
• Detailed expenses by program
• Detailed administrative and operating cost projections.

The Finance Committee then will present a recommended budget to the full Board of Directors prior to the beginning of the fiscal year. The final budget presented to the Board for consideration and approval will include the following detail:

• Revenue projections by major funding source:
  - Foundations
  - Individual Donors
  - Special Events

• Total number of FTEs and associated labor costs; and the specified number of management positions
• Total expenses by program. These expenses should only include program- specific costs, not allocated administrative or overheard costs.
• Administrative operating costs including detail of contract costs and a sum of all other administrative and operating costs.

2. Budget Monitoring
The Director of Finance will present financial reports indicating actual financial results against budget to the Finance Committee no less frequently than quarterly. A copy of these financial results will also be made available to all Board members.

3. Budget Modifications and Amendments
The Executive Director shall submit to the Finance Committee plans to modify the budget to address necessary changes to the budget as originally adopted by the Board. This may include adjustments to some program or account expenses with parallel reductions in other areas. Modifications to the budget are considered changes in program expenses or accounts that do not result in an increase in total budget. Adjustments to expenses within a program budget are at the discretion of the Executive Director, as long as they do not result in an increase in the total budget.

Finance Committee approval is required for any increases in the Board-approved budget. The Finance Committee may determine at its discretion that the full Board consideration is necessary if the proposed change is considered material. A material change is considered any change in FTEs, any change resulting in a total budget increase, or a change greater than 10% to a program budget.

4. Executive Director Compensation
The Executive Committee will make a recommendation to the Board of Directors for any changes to the compensation of Executive Director as part of his or her annual performance evaluation. The Executive Committee will make the recommendation to the Board of Directors as part of the budget approval.

FINANCIAL SOFTWARE & ACCOUNTING SOFTWARE

Young & Healthy's accounting software is "QuickBooks." QuickBooks has the ability to report revenue and expenditures separately by Federal program, utilizes a chart of accounts, and records receipts and disbursements separately by program, including by Federal grants. Access to the software is password protected. Only the Executive Director and the Director of Finance and Operations are authorized to have passwords.

BANK STATEMENT RECONCILIATION
• The Director of Finance opens and reviews the bank statements.
• After review, Finance Director prepares a monthly file for the independent bookkeeper.
• Once a month, usually the week the bank statements have arrived, the bookkeeper will reconcile all accounts.
• The bookkeeper checks to see that: beginning and ending amounts match the statement, cleared checks and payments reflect statement copies, cleared deposits match statement deposits, uncleared transactions were made after statement closing date.
• The bookkeeper prepares a Budget vs. Actual report for the current month and for year to date. The report states the budget, current month actual, and variance to the budget.
• The bank statements of the checking account and investment accounts and the reconciliations are kept on file in a binder at Young & Healthy.

OPENING OF MAIL

Mail is collected and opened each day by two people:
• Development Director receives all money related mail.
• Director of Finance and Operations and Development Director distributes all other mail to the appropriate departments.

CASH RECEIPTS

Contributions received by mail

• The Development Director receives all contributions. The Development Director and Development Assistant record each contribution on a cash slip that contains date of receipt, check issuer, check amount, and check number.
• The Development Director and Development Assistant codes each check received by using the QuickBooks chart of accounts.
• **Foundation checks.** The Development Director identifies the check and records on the cash slip. The Director of Finance and Operations or the Administrative Assistant will create a QuickBooks "Class" for the foundation to identify and charge expenses against the grant.
• **Payment received by invoices.** Checks that are received as a result of an invoice sent by Young & Healthy or a payment made against a promise are matched with the appropriate invoice in QuickBooks, and the deposit is made to show that the invoice has been paid.
• The Development Director or the Development Assistant enters all checks into Young & Healthy's development database, Results Plus.
• The checks are then stored in a locked cabinet.

Matching or Cost-Sharing Contributions

• To the extent Young & Healthy receives matching or cost-sharing contributions for a program funded by a Federal grant, such contributions will be recorded as matching or cost-sharing.
• Any such contribution will not be included as a contribution for any other Federally assisted project or program and must (i) be necessary and reasonable for the proper and efficient accomplishment of the program for which the contribution is made, (ii) not be paid by the Federal government under a different award or grant (except where authorized by Federal statute to be used for cost sharing or matching, and (iii) be allowable and provided for in the approved budget for the program supported by the Federal grant.

Donor Acknowledgment

• Acknowledgement letters are generated at the time the checks are entered into the development database.
• Executive Director will sign each of them.
• All donations $250 and above will receive a personal call from the Executive Director.

Bank Deposit

• Once a week in preparation for the deposit, the Development Assistant generates a Cash Receipts Journal, attaches it to the checks and delivers to the Administrative Assistant for deposit.
• The checks are entered into QuickBooks by the Administrative Assistant and a Deposit Summary is run and compared with the Cash Receipt Report from Results Plus to verify that the two systems are balanced.
• Copies of the check and deposit ticket are attached to the Deposit Summary and Cash Receipt Report.
• The Administrative Assistant processes check deposits via Citizens Business Bank remote check capture. The Administrative Assistant attaches the deposit verification slip to the original bank deposit set (see above) and gives to the Director of Finance and Operations to file them in the accounting file cabinet.
• Once each week the Development Director and Director of Finance and Operations review that week's cash receipts to ensure that the cash deposit was entered into the correct account.

Credit Card Donations
• Credit card donations are processed using the same procedure as the Contributions Received by Mail.
• A donor completes a form that authorizes Young & Healthy to charge their credit card for a specific amount.
• The Development Assistant processes the credit card through Young & Healthy's website donation page prior to the Development Assistant entering into Results Plus.
•The credit card donation is entered into QuickBooks and a Deposit Summary will be generated and attached to the credit card authorization and confirmation form.
• The Development Assistant follows the same procedure as cash receipts.
• Deposit is stored in a locked cabinet until the weekly deposit.

DISBURSEMENTS

All purchases and expenses must conform to the annual Board approved budget.
The Director of Finance and Operations reviews the annual budget with the Executive Director and Development Director and informs them of the appropriate budget amounts for categories under their supervision.

Internal Control: Once a month the independent bookkeeper prepares a monthly Income & Expense statement compared to budget. This report is reviewed with the Finance Committee and the Board of Directors. Variances are noted and explained.

Control of Blank Checks
Blank checks are kept in a locked drawer in the office of the Director of Finance and Operations. The Executive Director and Administrative Assistant are given access to the checks in the event the Director of Finance and Operations is not available.

Signing Checks
Three people are authorized to sign checks. Signature cards are updated yearly.

Executive Director
Director of Finance and Operations
Development Director

Internal Control: Checks written for more than $2,000 require two signatures.

The following employees have company credit cards:

Master Card - $30,000 Monthly Limit
Executive Director- No limit
Director of Finance and Operations- No limit
Development Director- No limit

Credit Cards are to be used only for Young & Healthy purchases that are part of the approved budget. Loss or theft of credit card must be reported immediately to the Director of Finance and Operations or the Executive Director.

Credit Card Procedures
• Each credit card purchase made with a Young & Healthy credit card must be turned in to the Administrative Assistant accompanied with an “Expense Report”. The expense report includes the date of purchase, the payees name, amount, reason for that purchase (EG: testing materials), and program it will be charged to. The expense report must be accompanied with the purchase receipt.
• The Director of Finance and Operations or the Administrative Assistant matches and verifies all expense forms against the monthly credit card statement during the monthly credit card account reconciliation. Upon reconciliation, the Director of Finance and Operations or the Administrative Assistant generates a check payable for the full amount. Check is signed by Executive Director if over $2,000.
• The Director of Finance and Operations or Administrative Assistant enters all credit card charges into QuickBooks according to the chart of accounts.

Invoices
• The Director of Finance and Operations receives all invoices.
• Once all invoices have been reviewed, they are entered into QuickBooks for payment.

Consultants and Contractors
Young & Healthy does not currently intend to outsource services directly related to the performance of any program funded by a Federal grant. If Young & Healthy does determine to outsource any such services, it will do so only after first evaluating in-house capabilities and determining in-house capabilities are insufficient for the performance of the program (taking into consideration all other programs and administrative requirements). No consultant or contractor that is prohibited from receiving Federal funds (identified on the GSA Excluded Parties List System and/or the HHS OIG List of Excluded Individuals/Entities) will be hired.

Check Requests
Check request reimbursements follow the same procedures as invoices. A purchase receipt gets turned in to the Director of Finance and Operations along with a “Check Request” form detailing the nature of the purchase. Once the purchase and payment is approved, a check will be issued.

Check Processing
Checks are processed once a week unless time restrictions require a faster response. The Director of Finance and Operations or Administrative Assistant prints checks from the current Accounts Payable and matches the check with the corresponding support documentation. The Director of Finance and Operations or Administrative Assistant prints a Check Detail report from QuickBooks weekly. The report, checks and the supporting documentation is given to the Executive Director for verification.

The Director of Finance and Operations or the Development Director, in the Executive Directors absence, signs each check and either the Director of Finance and Operations or Administrative Assistant puts the check and invoice stub in the envelope to be mailed. The Director of Finance and Operations files the documentation in the monthly paid bills file.

Federal Grants
With all expenses or purchases that are funded by and approved through a Federal grant, the procedure will be the same as in Check or Credit Card processing. The draw downs will be limited to the minimum amounts needed to cover allowable project costs (including

reimbursement of approved employee wages) and will be made in accordance with the immediate cash requirements of carrying out the project. Draw down requests will not be made for future expenditures. Depending on the volume of reimbursements in In each month, a draw-down will be requested either bi-weekly or monthly. The drawdown will occur only after the purchase has been made.

Allowability of Costs
To be allowable under a Federal award, costs must be reasonable, allocable, and adequately documented;
• A cost is reasonable if it does not exceed what a prudent person would incur under similar circumstances;
• A cost is allocable to a Federal award to the extent the goods or services benefited the program.
• A cost is adequately documented if it is supported by accounting records and source documentation such as purchase orders, vouchers, invoices, payroll allocation reports, payroll summaries, timesheets, etc.

PAYROLL

• RABCO Payroll Services, Inc process Young & Healthy's payroll and prepares federal and state tax reports.
• Young & Healthy's employees are on a bi-weekly payroll schedule.
• Employees are paid for hours worked. Payroll is not called in until the last day of the pay period.
• Electronic time sheets are filled out via RABCO Payroll Services, Inc portal by each of our hourly rate employees and turned in to their corresponding supervisors.
• The employee supervisor will verify the hours worked, holidays, vacation, and sick days taken. Employees must complete a "Vacation/Time Off Request Form" to record sick or vacation days. Once the hours have been verified, the supervisor will sign and turn in the time sheets to the Director of Finance and Operations.
• Exempt/Salaried employees do not turn in time sheets, but if vacation or sick days have been taken, a "Vacation/Time off Request Form" has to be filled out, initialed by the Executive Director, and turned in to the Director of Finance and Operations.
• The Director of Finance and Operations and Administrative Assistant goes over the time sheets and time-off slips again. As a back-up measure, the Director of Finance and Operations keeps a file of all vacation, sick, and personal day requests.
• Employee hours, any changes in payroll are entered on RABCO Payroll Services, Inc portal.
• Director of Finance and Operations enters Payroll online bi-weekly to process payroll.

Paycheck Distribution and Journaling.

• Payroll Company: RABCO Payroll Services, Inc.
• The Director of Finance and Operations will process payroll.
• RABCO Payroll Services, Inc. emails payroll reports a few hours after the payroll has been processed.
• On pay days, RABO Payroll Services, Inc. sends employees an email notification that their pay statement is available for download on their employee portal.
• The Director of Finance and Operations or Administrative Assistant will enter the payroll to the Payroll Holding Account into QuickBooks.
• The Director of Finance and Operations saves payroll reports in their computer for the annual audit.

• Once a month the Independent Accountant reconciles the Payroll Account.
• Once a month the Independent Accountant will allocate all payroll and expenses from the Payroll Holding Account to the specified departments or programs that were set up at the time the budget was created.
• **FEDERAL:** Once a month the Independent Accountant will allocate all actual hours of payroll and allowed employee benefit expenses from the Payroll Holding account to the specific department of program.

Travel:
• All travel other than local mileage is pre-approved by Administration.
• All travel has a budget that is based on reasonable costs.
a. All air travel cost is estimated on coach travel, unless otherwise justified
b. All car rentals are estimated on mid-size, unless otherwise justified
c. All lodging costs are estimated based on standard rooms • All daily reimbursements (per diem) for meals and incidentals charged to a federally funded program will be limited to the rates published in the Federal Travel guidelines.
d. Reimbursement of travel costs will be made based on a detailed expenditure report.
e. Original receipts must accompany the detailed report. • Request for reimbursement must be made in a reasonable time frame after travel is completed.

FINANCIAL REPORTING

Monthly Reports
The independent bookkeeper prepares monthly financial reports for distribution to the Finance Committee. The reports include: monthly cash and accrual balance sheet and a monthly and year to date budget vs. actual income and expense for each department. The monthly financial statements are presented at each finance committee meeting for committee approval. They are then presented to full Board of Directors for their review.

Annual Audit
Yearly, an Audit of the statement of activities, functional expenses, and cash flow for the years then ended is performed by Lucas, Horsfall, Murphy & Pindroh, LLP, Certified Public Accountants and Business Advisors. This report is initially reviewed by the Finance Committee which consists of the Board President, Finance Chair, Board Secretary, and Board committee member. The yearly Financial Statement will then be presented to the full Board of Directors. For any year in which expenditures under Federal awards equal or exceed $500,000, the audit will be performed in accordance with OMB Circular A-133. Reports on these audits will be submitted to the Federal Audit Clearinghouse within the earlier of 30 days after receipt or nine months after fiscal year-end.

Grant Compliance
When a new grant is received, the Development Director will set up a permanent file for the grant, and maintains the contract along with all other financial correspondence regarding the grant.

It is the responsibility of the Development Director to review the grant contract and forward a copy to the Director of Finance and Operations. The Director of Finance and Operations then sets up and account “class” to segregate the grant and apply all expenses specific to the restricted grant. Program income relating to projects financed with Federal funds may be used

only to further the project or program, to finance the non-Federal share of the project or program or to deduct it from the total Federal share of project or program allowable costs.

INVESTMENT ACCOUNTS

Young & Healthy maintain four accounts at Citizens Business Bank for the purpose of managing temporarily restricted, permanently restricted, and surplus funds.